Turkey, and a vibrant intellectual exchange between Turkish and Israeli universities.

No other Muslim society rivals Turkey's record regarding the Jews; in fact, few societies of any type anywhere in the world do. I congratulate my dear friend former Ambassador Baki Ilkin, who so strongly supported this documentary project, and my dear friend the current Turkish ambassador Faruk Logoglu. I strongly commend all those associated with the film ''Desperate Hours'' for helping to elucidate and publicize one of the most important chapters in the long, dramatic, and mutually rewarding history shared by the Jewish and Turkish peoples.

PERSONAL EXPLANATION

HON. JAMES H. MALONEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, May 20, 2002

Mr. MALONEY of Connecticut. Mr. Speaker, on May 16, 2002, 1 was absent for rollcall Vote No. 167. Had I been present, I would have voted ''yea'' on rollcall No. 167.

CONGRESS SHOULD CLOSE THE LOOPHOLE ON CORPORATE TAX DODGING

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 20, 2002

Mr. GEORGE MILLER of California. Mr. Speaker, I believe most taxpayers will share my deep concern at the ongoing practice of American corporations reincorporating offshore to avoid their tax responsibilities to state and federal taxpayers.

Several months ago, the New York Times broke the story that more and more American companies are avoiding U.S. corporate income taxes by reincorporating in tax havens like Bermuda and the Cayman Islands. This means they can keep their headquarters and all of their operations in the United States, continue to benefit from the ''Made in the USA'' label, but also pay a small fee to maintain a mail drop in another country (like Bermuda) and dodge tens of millions of dollars in U.S. taxes.

By dodging their tax responsibilities, these companies claim they are acting in the best interests of their shareholders. But now it turns out that even their investors—like taxpayers—are getting the short end of the stick.

Now the New York Times reports today that ''the government's loss in taxes is the chief executives' gain.'' I am inserting for my colleagues a complete copy of today's article.

Top executives at Connecticut-based Stanley Works, for example, win take home up to fifty-eight cents for every dollar the company avoids in taxes. These executives will reap millions of dollars through huge bonuses and stock option windfalls, leaving workers, shareholders, and the rest of taxpaying America to pay the bill.

Today's article provides further justification for bringing to a vote in the House a bill by my colleagues JIM MALONEY of Connecticut and RICHARD NEAL of Massachusetts—the Corporate Patriot Enforcement Act of 2002. There is no reason for Republican leaders to deny Congress—and the American people—the opportunity to correct this gross injustice.

We don't need a temporary prohibition to this practice, as some are suggesting. We need to end it immediately. If Stanley Works and other companies are indeed proud to be American companies, they should stay American—in both practice and in name and pay their fair share for the benefits of being an American company.

[From the New York Times, May 20, 2002]

OFFICERS MAY GAIN MORE THAN INVESTORS IN MOVE TO BERMUDA

(By David Cay Johnston)

The parade of companies that in recent months have proposed incorporating in Bermuda to reduce their American taxes usually provide the same rationale. They are doing it, they say, to increase their profits and, in turn, to benefit their shareholders.

But left unsaid is another fact: the biggest beneficiaries could actually be the chief executives of these companies. At a minimum, these executives could pocket millions in additional pay. In some cases, they could well take home extra pay equal to half the company's tax savings or more. In effect, the government's loss in taxes is the chief executives' gain, in the form of higher pay, bonuses and profits on the sale of stock options.

While each company's Bermuda strategy differs in details, chief executives always profit because their compensation is based partly on the profitability of the company or its stock price. If taxes fall, both would be expected to rise.

But, in some cases, like that of Stanley Works, other shareholders may not fare nearly so well, because many would owe taxes that the chief executive does not.

Eugene M. Isenberg, of Nabors Industries; John M. Trani, of Stanley Works, H. John Riley Jr., of Cooper Industries; Herbert L. Henkel, of Ingersoll-Rand, and Bernard J. Duroc-Danner of Weatherford International are among the chief executives who stand to benefit.

At Nabors Industries of Houston, the world's largest operator of land-based oil drilling rigs, Mr. Isenberg could see his pay rise by tens of millions of dollars each year if shareholders approve on June 14 his plan to incorporate in Bermuda and establish the company's legal residency in Barbados, said Brian Foley, an executive compensation lawyer who analyzed Mr. Isenberg's employment contract.

Mr. Isenberg is already well paid. Over the past two years, he made more than $126 million, including profits from the sale of stock options, from a company with $2 billion in annual revenues. That is partly because his contract pays him 6 percent of the company's cash flow—a measure of profits before certain charges are subtracted—once cash flow exceeds a certain amount. The company's No. 2 executive gets 2 percent of this cash flow.

The company expects the Bermuda move to increase cash flow significantly. Mr. Foley and five other compensation lawyers said that beginning in the year after the Bermuda move, the related payments to Mr. Isenberg and his deputy also should begin rising.

What is more, Mr. Foley said, details of the Nabors stock option plan indicate that Mr. Isenberg will make an additional $100 million on the exercise of his 10.3 million options of Nabors shares, currently at $42.99, rise by $9.72. The company has said that lower taxes and higher cash flow should increase share prices, but has not said by how much.

Mr. Isenberg owns 1.1 million shares outright, but it is not known how many of these are in retirement and charitable accounts, which would shield his gains from taxes. Mr. Isenberg declined to comment, as did a spokesman for the company.

At Stanley Works, the New Britain, Conn., tool maker, Mr. Trani stands to pocket an amount equal to 58 cents of each dollar the company would save in corporate income taxes in the first year after its proposed move to Bermuda.

Mr. Trani has estimated that, as a result of the tax savings alone, the company's stock should rise 11.5 percent. Corporate income taxes would fall $30 million annually, while the value of his existing options would increase $17.5 million if the stock rises as much as he expects.

In a presentation to Wall Street analysts, Mr. Trani estimated that 60 percent of Stanley shares are held in retirement and charitable accounts where no tax will be due. Investors holding Stanley shares in taxable accounts, however, would suffer losses during that first year. They would have to pay $150 million in capital gains taxes, he estimated, on holdings worth $1.6 billion, so the deal can go through. Even if their shares rise 11.5 percent, they will barely break even after taxes.

At the time of the move, Mr. Trani, however, would owe less than $50,000, less than he earns each week in salary and bonuses, on his 16,688 shares where the gains are taxable. The rest of his holdings are in options and retirement accounts, neither of them taxable in the move. Mr. Trani has campaigned hard for the Bermuda vote, personally calling pension fund trustees and having executives call Stanley employees at home.

Mr. Trani, in an interview, said that, to avoid any taxes, he might give his taxable holdings to charity. He would then be able to reduce his federal income taxes by about $300,000.

Mr. Trani has said that building wealth for all shareholders is his only motive in proposing the move to Bermuda.

The move is more likely to greatly benefit Stanley shareholders over the longer run, which is how Mr. Trani prefers to look at it. If the move to Bermuda doubles the company's stock price in eight years—a prospect that the company has no quarrel with—all shareholders will increase their wealth by about $3.3 billion. The government will lose $240 million of corporate income taxes.

Such an increase would no doubt mean a bigger salary and bonus for Mr. Trani. In addition, if he receives all the additional options he is eligible for under the company's current plan, he could gain at least $385 million from exercising those options, or far more than the taxes the company would save.

On May 9, Stanley shareholders approved the Bermuda move by the slimmest of margins. But after union officials accused the company of rigging the outcome, and the state of Connecticut sued to throw the election out, the company announced a new election to be held later this year. The company denied any wrongdoing.

Spokesmen for Cooper Industries, Ingersoll-Rand and Weatherford International all said that increased pay for executives was the inevitable result of packages that reward executives for lowering costs, including taxes, and increasing share prices. John Breed, the Cooper spokesman, noted that none of the company's executives received bonuses last year.

Simply by changing their corporate addresses to Bermuda, which has no income tax, a growing number of large American businesses are saving tens of millions each in United States taxes on profits made overseas. Also establishing a separate legal residence in another tax haven, like Barbados,